Opening Statement of Chairman Jon Porter

Hearing of the House Government Reform
Subcommittee on Federal Workforce and Agency Organization

"Healthier Feds and Families: Introducing Information Technology into the Federal Employees Health Benefits Program."

March 15, 2006

Thank you so much for attending the hearing this afternoon. This will be the first of two hearings that focus on a bill that I and Representative Lacy Clay from Missouri have introduced, namely, H.R. 4859, the Federal Family Health Information Technology Act. In the past decade, information technology has exploded onto the scene and revolutionized the way we do business in every industry. Companies from every sector of the marketplace have made huge investments in IT development and are reaping the benefits.

For example, last month, General Motors announced that it would be awarding a fifteen billion dollar contract for information technology development. Analysts are saying that this is the single largest IT contract ever awarded through a bidding process. If information technology is so pervasive in every industry from automotive to financial services, why has it seemingly bypassed one of the largest industries – health care? The answers to that question are many, but the good news is that the barriers blocking health information technology from growing are rapidly crumbling. People are working harder than ever to see that health information technology is not simply something that a few companies are using, but is a reality for all Americans.

As health information technology systems are developed, I believe that not only will the quality of health care delivery improve dramatically, but so will the quality of health care overall. Some have estimated that over 90% of the activity spent on delivering health care depends on the exchange of information. Information flows constantly from patients to doctors to carriers to pharmacies and others – yet we are still using the processes of yesterday. With

health information technology, we will not only decrease the amount of time it takes to exchange information, but we will greatly increase the accuracy of the information we exchange.

One of the sad realities in the industry today is that medical errors are a major problem. The Institute of Medicine estimates that medical errors account for approximately 45,000 to 98,000 deaths each year in the United States and 770,000 injuries due to adverse drug events, many of which could have been prevented through the use of health information technology. If listed among deadly diseases, medical errors would be considered among the leading causes of death, even outpacing highway accidents, breast cancer and AIDS. This is no slight to our medical professionals, who are the best in the world, but rather is an indictment of the antiquated technology they rely on.

The use of technology will reduce medical errors by making health information more accessible to both patients and providers no matter where the patient is receiving care. For example, the Boston Globe recently reported a senseless preventable death of a 79 year-old retired chemist who died after doctors at Massachusetts General Hospital treated him for a stroke when he really was having an insulin reaction. It is easy to see how an electronic medical record could have assisted the physicians in correctly diagnosing this patient. In a world where our cars, pets, and checking accounts have their own computerized record, it is time for every American to benefit from the same technology.

Back home in Nevada, I spend a lot of time with foster kids. Unfortunately, health records for these children are scarce, which leads to needless multiple tetanus shots, needless multiple exams, and putting these children at risk for encountering a medical error because their prior medical histories are unknown. With the technological advances that we have made, this is unacceptable.

As Chairman of this Subcommittee, I have been working closely with leaders from government and industry to develop legislation to bring health information technology to the health plans the Federal Government offers to its own employees. We have a wonderful opportunity to improve the quality and delivery of healthcare for the over 8 million participants in the Federal Employees Health Benefits Program and at the same time serve as a model to affect change elsewhere. Passing this up would be a mistake – a mistake we cannot afford since many lives would be unnecessarily placed at risk, especially since the solution is literally at our fingertips.

The bill that I have introduced is based on very successful demonstration projects around the country and we will hear from several individuals who were involved in those demos this afternoon. The bill recognizes that there are three basic components of a complete electronic health record: (1) the carrier-based electronic health record; (2) the personal electronic health record; and (3) the provider-based electronic health record. Recognizing this, the bill will establish a carrier-based electronic health record and personal electronic health record and provides incentives for creating a provider-based electronic health record.

The first component of the bill will require all carriers participating in the Federal plan to create a carrier based electronic health record for each of their participants. This piece of the

"electronic health record" will provide each participant and his or her providers with information maintained by the member's carrier in a format useful for diagnosis and treatment. This claim-based component of the "electronic health record" can provide valuable information by leveraging the data, technology and capabilities of health plans to improve health care decisions by patients and providers. This information is already there – to ignore it would cause innocent people to unnecessarily suffer injury or death.

Hurricanes Katrina and Rita serve as stark examples of the value of a carrier based electronic health record. When Hurricane Katrina hit, many medical records were destroyed or were not immediately available for patients, potentially putting some patients at great risk. Hoping to avoid the medical disasters associated with Hurricane Katrina, Blue Cross Blue Shield of Texas extracted data on its members who lived in areas that were evacuated before Hurricane Rita hit. To help physicians care for Hurricane Rita evacuees, Blue Cross took its carrier based data for 830,000 members and converted it into an electronic health record available to any treating provider and did it in four days. Those records contained historical and current data, such as lab results, pharmacy information and basic medical history.

The second component of the bill requires a carrier to create a personal electronic health record at the request of an individual and would allow each individual to participate in his or her own health care by enabling the individual to input information into the "electronic health record," such as personal health history, family health history, symptoms, over-the-counter medication use, diet, exercise and other relevant health information and activities. The creation of a personal based electronic health record will simply provide program participants with greater control over their health information.

The third major component of the bill provides for a creative mechanism for individual providers to obtain funding for an HIT system in their offices. Specifically, the funding would be available to providers to implement an interoperable electronic provider-based records system. The bill would establish a trust fund at the Office of Personnel Management that would accept private contributions. OPM will then issue grants from the Fund to participating carriers to be distributed as performance incentives to their contracting health care providers to implement provider-based electronic health records. To tie all of these components together, the bill will require that within five years of passage, each participant will have his or her own electronic health record contained on a portable digital medium.

I would also like to quickly address three issues surrounding the bill. First, privacy is always at the top of the list – and rightly so. There is nothing more personal and private than a person's medical information. Under my bill, we will ensure that participants' medical information is kept private and secure by requiring compliance with the Health Insurance Portability and Accountability Act. In addition, there are some great minds at the Department of Health and Human Services thinking long and hard about this important issue, particularly through the work of the Health Information Security and Privacy Collaboration.

Second, I would also like to address interoperability. The Administration has gathered the nation's leading experts in this area to develop standards that everyone can work under. The bill that I will be introducing will follow the standards being developed by the Department of

Health and Human Services. I am not interested in creating a system of electronic health records that will be obsolete or incompatible with other systems.

Third, and finally, we must deal with the issue of cost. Under the bill, FEHBP rates should not increase and insurance carriers will not be burdened with paying the administrative costs to implement the requirements in the bill. The bill includes provisions to ensure that the electronic health records are implemented over a number of years and that participating insurance carriers can tap into existing funds dedicated for administrative purposes being held by OPM during the implementation stage.

Additionally, there are significant savings that can be seen with the implementation of health information technology in the Federal Employees Health Benefits Program. In my own State of Nevada, Health Plan of Nevada has done a tremendous job of implementing an HIT system. Their transition from paper records to electronic records has saved them nearly $1.7 million, resulting from a more than 50 percent reduction in medical records, staff, and paperwork. The think-tank RAND Corporation estimated that in addition to the saving of lives, the U.S. healthcare system could save as much as $162 billion annually with the widespread use of healthcare information technology.

Making electronic health records available for patients is just the SMART thing to do and SMART serves as a perfect acronym to demonstrate the strengths of health information technology. **S** stands for **significantly** reducing medical errors and administrative costs. **M** stands for **making** prescription errors extinct. **A** represents the prevention of **adverse** effects from conflicting courses of treatment. **R** stands for **reducing redundancy** of testing and paperwork and **T** stands for recognizing that it is **time** to improve the quality and delivery of healthcare.

The bottom line is simple: the technology is there to save lives and improve the quality of health care. It would be a colossal error to not take advantage of using technology to turn valuable claims data, for instance, into electronic health records. There are many successful HIT demonstration projects throughout the country that have shown us that this can be done. The Federal Employees Health Benefits Program cannot afford to wait any longer.

I look forward to the discussion from all of the witnesses this afternoon.

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